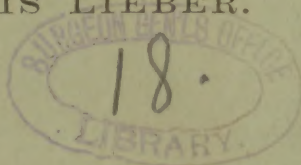


Lieber (Fr.)

NOTES
ON
FALLACIES

PECULIAR TO AMERICAN PROTECTIONISTS, OR CHIEFLY
RESORTED TO IN AMERICA.

BY
FRANCIS LIEBER.



NEW YORK:
PUBLISHED BY THE AMERICAN FREE TRADE LEAGUE,
69 WILLIAM STREET.
JULY, 1869.

Every person contributing \$2, or over, to the League, is a Member for a year and will receive all its publications. All remittances and payments to be made to C. H. MARSHALL, Treasurer, 38 Burling Slip, New York.

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FREE TRADE.—This is the plain duty, and plain interest of the human race. Freedom of the seas; freedom of harbors; an intercourse of nations, free as the winds; this is not a dream of philanthropists. We are tending towards it, and let us hasten it.—*Channing.*

ALAS! we have tried everything—when shall we make the trial of the simplest thing of all—Liberty. Liberty is all that does not offend against justice—liberty to live, advance, improve—the free exercise of our faculties—the free interchange of services.—*Bastiat.*

It were to be wished that commerce were as free between all the nations of the World as it is between the several Counties of England, so would ALL by mutual communication, obtain more enjoyments.—*Benjamin Franklin.*

ALL legislation which restricts the means of living is hurtful to the moral life of nations.—*Bastiat.*

WHY should we fetter Commerce? If a man is in chains, he droops and bows to the earth, for his spirits are broken, but let him twist the fetters from his legs, and he will stand erect. Fetter not Commerce, sir—let her be as free as air—she will range the whole creation, and return on the wings of the four winds of heaven, to bless the land with plenty.—*Patrick Henry.*

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NOTES

ON

FALLACIES OF AMERICAN PROTECTIONISTS.

FALLACY FIRST.

PROTECTION OF AMERICAN CAPITAL AGAINST CHEAP FOREIGN CAPITAL.

At the beginning of the American system, so-called, the most favored argument of the protectionists was the American Capital argument. Capital, it was said, is dear in America; that is, high interest must be paid for it. In Europe capital is cheap, consequently the manufacturer can produce cheaper; therefore we must keep those cheaper products out of the country. It was the argument most popular in 1827, when I first landed in America. It was Daniel Webster's chief argument when he took the protectionists' side. In 1824 he was yet a champion of free trade, a statesmanlike and patriotic defender of unshackled exchange and free consumption.

The reply to this fallacy is, that no protection of capital is wanted, since no one assails capital or capitalists. The fact that higher interest is paid for capital here than elsewhere is sufficient proof that no privilege is required, were it even justifiable, on the fundamental principles of politics, to grant a privilege of this kind. Whence is derived the right of granting prerogatives to the capitalist above other producers, workmen and toilers, at a high cost to the latter? For, if products are kept out of the country, because cheaper than they could be produced by American capital, in that case, of course, the

consumers, that is the people at large, of whom the straitened and needy are always the great majority, have to make up the sum given to the capitalist or to the monopolist. It was a simple matter of undue privilege, not in accordance with our public law, and inconsistent with the spirit of individual independence pervading our whole polity.

The name protectionist, claimed by those who openly proclaimed that their object was to favor American capital, was then, in this case, as it is in all others, chosen with peculiar lack of skill. Protectionist is a term which does not mean a person who desires to protect some thing or some one against some attack or injury, but it means exclusively a person who desires to favor one branch of business or set of men at the cost of the rest. The protectionist is always an assailant, and Obstructionist would be the fitting name for him, but we must use the term as it is used in common language, though not without a protest.

When the argument founded on the protection of domestic capital was here in vogue, the favorite protectionist argument in England was that taxation in England was much higher than on the Continent, which, consequently, could produce cheaper than Great Britain; therefore, the cheaper productions of the Continent must be excluded from England; that is to say, from the English consumer, who is also made to bear higher taxation; at all events, the prices of the articles he desires to consume must be raised, in order to benefit the comparatively small class of manufacturers, or actually, to create a privileged class of manufacturers. This argument is now, when the heavy war debt is weighing on us, frequently used in our country. See Fallacy 5.

FALLACY SECOND.

HOSTILITY TO FOREIGN CAPITAL.

If American capital was too dear for domestic manufacture in general, yet certain branches could be advantageously pursued in this country at that time, then if you do not desire to grant prerogatives to the American capitalist, the question presented itself at once: Why do you not borrow foreign

capital, which can be had at a much lower rate of interest than American ?

It was answered that it is bad to work with foreign capital ; it makes the borrowing country dependent ; the interest which must be paid for the capital is so much money leaving America, and therefore lost ; so that working with borrowed capital is tantamount to impoverishing a country. Even General Jackson, in a message to Congress, the spirit of which was for moderate protection of certain branches by discriminating duties, within the limits of a revenue tariff, or a judicious tariff as it was then called, expressed himself strongly against working and producing with capital borrowed from the foreigner. When a conflagration consumed the larger portion of Charleston, in 1838, and South Carolina allowed the city to borrow several millions, some would-be patriots blamed the Corporation for preferring foreign capital, which could be had at five per cent. interest, to domestic capital, which could not be had at less than seven per cent. at the North, and eight or even more than that at the South.

Every merchant will tell you that by far the greater portion of all the commerce in the world is necessarily carried on by borrowed capital. Every farmer in the West will testify that its magnificent agriculture begins with borrowed capital. Whether the lender of the capital is abroad or not makes no difference ; it is a great benefit to a country if foreigners gladly lend their money. If loans can be made cheaper abroad than at home, it shows that capital finds better employment at home than abroad ; it makes it more productive in the country of the borrower. Was it or was it not a benefit to our country that foreigners readily bought our bonds, created by Congress to carry on our great war ?

With reference to capital, as to every other economical question, there is no difference in respect to honesty, expediency or profit, between private and public financial questions ; and the most comprehensive national transaction is only a vast multiplication of minor affairs, as, on the other hand, National Wealth does not designate any wealth separate from private wealth, but simply the sum total of all the wealth possessed by the individuals composing a nation, plus the

productive property which the government may possess, and which is a mere minimum with all civilized nations. This latter is called public property, but also national property. The word national is taken in different meanings, but national wealth never means anything but the sum total of all the wealth—of all the gardens, mills, roads, fields, manufactures, mines, houses, implements, goods, money and what not—possessed by all the individuals.

Borrowing from the foreigner does not make us dependent upon him. How should it? He cannot send us to jail. In international affairs, it is the lender who is dependent upon the borrower, rather than *vice versa*. Spain and Mexico may serve as illustrations. As to the presumed loss sustained by the interest of the borrowed capital being payable abroad, we shall say more further on.

FALLACY THIRD.

NATIONAL INDEPENDENCE.

Nearly as old, in our country, as the theoretical hostility to foreign capital, is the argument founded on the desirable or necessary independence of this country. It was a favorite argument of John Quincy Adams. America—republican America, must not be dependent on Europe—monarchical Europe. What would become of us in time of war if we depend for every martial requisite on Europe? How shall we have cordage for our men-of-war if we do not protect Kentucky hemp?

The mixing up of monarchy and republicanism with iron, hemp and cloth resembled much the demagogue's garniture of a poor argument, mistaking Chinese seclusion and exclusion for civilized and dignified independence. We might as well speak of Baptist production, or Presbyterian labor.

The whole economy of our species and of the globe on which it lives is founded upon mutual dependence—on that greatest of laws, that while all human beings have nearly the same desires, appetites and wants, and while this agreement of wants becomes more decided with the extension of civilization, the fitness of particular regions and the ability of

particular people to satisfy the uniform cravings are infinitely varied, and become more exclusive with the progress of our kind. All men stand in need of iron, desire silk, are pleased with indigo blue ; but limited regions only produce them. This is the way the creator inforces inter-dependence ; this is the law which necessitates and more and more promotes international good will, and leads to the great Commonwealth of Nations.

If protection, unfitly so called, enriches a few at the expense of the many, who must purchase the product they want by the labor of more days, it does not increase our national wealth, but diminishes it, and consequently diminishes our fitness to war with other nations, if that becomes necessary. Even the ancients called money, with reference to war, the *nervus rerum gerendarum* (the nerve of deeds to be done) ; and Frederic II. of Prussia said, he who can pay the last grenadier will remain master of the field. We must change this, said Joseph Bonaparte to me : He who can pay the last newspaper, &c., &c.

If then, in peace, we impoverish our country, we ill prepare it for the time of war. With plenty of wealth and brave sons to defend our country on land and sea, we need not feel nervous about the hemp for cordage. Besides there is no nation whose soil produces all the various articles of war.

The martyr-patriot and greatest statesman of the Netherlands, Cornelius De Witt, showed in his paper, which bears in the English translation the title " The true Interest and Political Maxims of the Republic of Holland," in the middle of the Seventeenth century, that the Netherlands, though producing not a bushel of wheat, ate the whitest bread in all Europe ; and though not producing a sheaf of hemp, a single plank, or any iron, had the best fleet which then ruled the sea, because Holland had wealth to pay for these commodities, and possessed this wealth because its trade and all exchange was left unfettered, unimpeded, unlegislated upon, and by this free trade the Netherlands became both the most peopled and the richest country on earth, so that loans could be effected there for lower interest than anywhere else.

Although De Witt does not say so, I felt when reading this fore-runner of the whole Free Trade literature, that a time will come when the bills of rights of advanced nations will contain

a provision that no attack on free production and free exchange, under the name of protection, shall be permitted, for the reason that men, having been created exchanging beings, production and exchange are natural, primordial, indefeasible rights, because original and inherent duties.

Peace is the normal state ; war the exceptional, Hobbes to the contrary notwithstanding ; and it is irrational to sacrifice the normal state to the exceptional, even if protection prepared better for war, which it emphatically does not do.

FALLACY FOURTH.

PROTECTION OF AMERICAN REPUBLICAN LABOR AGAINST EUROPEAN PAUPER LABOR.

The argument that American capital must be protected against cheaper European capital did not retain long its hold on the Americans, if indeed it ever was popular. It came speedily, therefore, to be supplanted by what, for brevity's sake, we will call the Pauper Labor argument. This it is : Wages in Europe are miserably low ; hardly sufficient to furnish sustenance to the workmen, whose labor, therefore, is called pauper labor. Now the products of this ill-requited labor can be furnished for a far lower price than American products, because we pay higher wages to our workmen ; and ought to do so, since our workman is a citizen of a republic, who ought to live in a fair degree of independence, and to be able to clothe and educate his children well ; therefore let us prevent the competition of European pauper labor with our American labor by levying a high duty on the products of the former, or let us exclude them altogether. This argument became very popular, and is to this day one of the staple arguments of our protectionists. It was the favorite argument of the late benevolent and distinguished Dr. Channing. Daniel Webster, and all who acted with him, left the American Capital argument and adopted the anti-pauper labor idea. Nevertheless, it is mere fallacy ; and possibly no argument of our protectionists is so fallacious as this, their most popular because most insinuating argument. The errors and inconsistencies

involved in it are so numerous that little more can be done here than barely to enumerate them.

All that is meant by American labor in this case is the manufacturing and mining labor and that of the artisans—the workmen, as they are styled. But is the farmer not a workman? There are far more laborers engaged in farming than in manufacturing and handicrafts—I believe twice as many.* All these citizens of our republic are left unprotected against the protected workmen; for the farmer has to pay a higher price; that is to say, he must work several days more for what he stands in need of than he would had not our legislature privileged a particular class called workmen. The farmer cannot spend the product of so many days' labor, of which he is robbed for the supposed benefit of another class, on better schooling or more respectable dresses for his children, more comforts for his wife, more books for himself, or the improvement of his farm. If by aristocracy is meant a class privileged above and to the injury of others, than our anti-pauper-labor theories create an aristocracy of the workmen; and if the American people consider anything odious it is an aristocracy; a workman aristocracy as much as any other. Why should an aristocracy of workmen be better than an aristocracy of land-holders!

But why do the manufacturers and mechanics lay exclusive claim to the title of workmen here and in Europe? Not only is the farmer a workman, but the physician, the lawyer, the schoolmaster, the poor minister, all are workmen. I am sure that I have worked many more hours in my long life than any carpenter or printer. All men work at the same time with their hands and brains; and the difference lies only in the proportion of either to the other. Now, will it be claimed that they are workmen only with whom the brains

* According to the Census of 1860 there were five farmers to seven manufacturers, artisans and "professional men." But the latter suffer directly with the farmer. There were engaged

In Agriculture, about.....	3,338,000
" Manufacture	2,335,000
" Trades, Professions.....	2,614,000
Total, about.....	8,287,000

are a minimum in the performance of their work, and that *these* workmen shall form an aristocracy? Does the tailor cease to be a workman, the moment he becomes foreman?

Suppose, however, for argument's sake, that the products of the so-called pauper labor ought to be kept from competing with the products of our highly-paid labor, how is it that you allow the importation of the European pauper-labor itself to compete with the American labor? Or has any protectionist ever waged war against immigration? Is there any one who would dare to do so? If not, then there is a great inconsistency in allowing the present vast immigration, which indeed is the modern, and peaceful Migration of Nations, on the one hand, and the exclusion of products of foreign, cheaper labor on the other hand.

This argument, consistently carried out, would lead us logically to the times when there existed in England widespread hostility to machinery, but especially to agricultural machinery, and would make us hostile to all labor-saving, while, in fact,, all civilized people are steadily engaged in finding out new processes of saving labor, therefore cheapening labor. The whole large edition of the Weekly Tribune, of New York, is most ingeniously folded and put in wrappers by a swift machine attended to by a few young persons. How many hands were required to fold some 150,000 papers before this machine came to interfere with these men?

The whole name of pauper labor is wrong. Paupers are people who receive alms; the European workman produces and receives wages, and if he produces certain articles cheaper, his labor in point of political economy, is like the climate, which also produces certain commodities cheaper in certain countries. We have no right to deprive our fellow-citizens of the benefit of either. These arguments never fail to remind us of Bastiat's exquisite petition of the Parisian lamp manufacturers to the Chamber of Deputies, for the exclusion of sun light, because, by furnishing light free, the sun very grievously interferes with the necessity of lamps, and consequently with the manufacture of them.

Even if the farming and fishing population were not far greater than that of the manufacturers and artisans, no one,

and especially not our government, has the right to sacrifice the one to the other. Doing it, on account of the imagined welfare of some one, is the repetition of the argument in favor of slavery. The large laboring population, it was said, is deprived of its rights, even of the right of personality for the general welfare, which *general* welfare was the presumed welfare of a few.

Our argument, however, does not stop here. Regarding production men are divided indeed; some produce by skill, some by accumulated values, called *capital*, some in this way, some in another. Regarding consumption, however, men are one undivided number. All men consume, and all consume the same staple articles. All must eat, all must dress, all must dwell in houses. The workman, therefore, in whose supposed favor the price of labor was raised, has, as consumer, to pay higher prices in the market for his clothing, for his books, for his recreations; and suffers, along with the rest, from the advanced prices.

The fallacy of protecting American labor is closely connected with that extravagant idea of "organizing labor," so dear to communists. Organizing labor! Why not organize agriculture? Why not organize vegetation? But more of this further on, and I conclude my argument against the protection of American labor with a quotation from a passage in a speech of Daniel Webster's delivered early in 1824, against Mr. Clay, then Speaker. Mr. Webster said:

"Mr. Speaker seems to me to argue the question as if all domestic industry were confined to the production of manufactured articles—as if the employment of our own capital and our own labor in the occupations of commerce and navigation were not as emphatically domestic industry as any other occupation. Some other gentlemen, in the course of the debate, have spoken of the price paid for every foreign manufactured article as so much given for the encouragement of foreign labor, to the prejudice of our own. But is not every such article the product of our own labor as truly as if we had manufactured it ourselves? Our labor has earned it and paid the price for it. It is so much added to our national wealth.

"There is no foundation for the distinction which attributes

to certain employments the peculiar appellation of American industry ; and it is, in my judgment, extremely unwise to attempt such discriminations."

FALLACY FIFTH.

THAT " FREE TRADE IS GOOD IN THEORY BUT NOT IN PRACTICE ;
AND IF OTHERS WOULD ADOPT IT, WE WOULD.

To judge by the frequent use of the following arguments, the one must be still very popular, the other must have been so.

Your free trade, we are constantly told, is true or excellent " in the abstract," or " in principle," but it does not answer in practice.

Our reply is : In political economy we know nothing in the abstract. That which is not true in practice is not true at all. Let us hear no more about being true in theory but not in practice ; the theory is necessarily false that is not verified in practice, or derived from reality and actuality.

The other argument was, that free trade would be very good if England would adopt it ; but as long as England does not adopt it, we cannot. To this it is only necessary to reply that England has adopted free trade, and we have not adopted corresponding measures. On the contrary, we have rushed forward, we might almost say, with increasing fury, in the career of isolating the United States, and extending a kind of economical slavery over the whole land. But if England were plundering us a little, ought we, therefore, to authorize privileged classes here to plunder us much more ?

In addition it may be said, and it ought never to be lost sight of, that free trade is no theory, no system, no conglomerate of whims and artificialities. By free trade nothing is understood but unclogged exchange. Man, born more destitute than the animals, especially in proportion to his more numerous wants, and not having been made to live as a mere *finding animal*, is ordained to produce and to exchange. His Maker wants him thus ; his very nature demands it. And to let men have their exchanging course, especially when they have

coalesced into political bodies, is called free trade. Protection on the other hand is a conglomerate of fancies, artificialities, theories, presumptions, miscalculations and egotistic contrivances—some well meant, but mostly born in the brains and purses of men, not derived from the nature of men and the essential characteristics of things. The enumeration of these many fallacies prove this. I am by no means sure that it would not have been better to call what we discuss free consumption instead of free trade.

FALLACY SIXTH.

“ALL COUNTRIES HAVE BEGUN WITH PROTECTION.”

“England, Germany and France—all have begun with protection ; so must we.”

Ought we then, indeed, to begin with protection on that account? All the countries belonging to our family of nations, except ourselves, have had their Middle Ages, their Feudal system ; ought we to pass through the same because they have? All countries (except indeed England, which prevented internal “ Evil Tolls ” by her great charter in 1215) have commenced with provincial and city tolls, with intersection and interruption of domestic production and domestic trade. Shall we on that account go through the period of internal “ evil tolls,” despite our Constitution, which in Article 1, Section 9, most fortunately prohibits them, although it does not use the term of biblical grandeur Evil Tolls?

What is actually observable as a uniform process, in the history of human progress, is a steady and universal removal of barriers and expansion of free intercourse between men. This is constant and uniform. We live now in the period in which internal or domestic free trade at least has conquered and has at length been established in all the great and leading countries ; a period characterized, moreover, by the abolition of the many guilds and corporations which used to hamper production, and of prescribed maximum and minimum prices. The protectionist wants, indeed, to force prices, believing that by forced prices he can increase value, and along with it wealth ; but the

arbitrary prescription of prices, by authority, at least, is abandoned.*

Domestic free trade and domestic free production, and consequently domestic free consumption, are obtained at any rate, or are in the process of attainment everywhere, where there is life and progress among men. The Californian may eat New York salt, and salt Lake lies "unprotected" between San Francisco and Syracuse, N. Y. It took all the time since the downfall of the Roman empire to the Revolutionary period. We have free trade in our continental republic, at all events; but even this some protectionists disrelish. And they are right, if consistency of argument, from whatever error we may start, makes right.

Our race is now going to enter the period of International Free Trade: that is, of International Peace and Good Will. Indeed, it has already begun. The central portion of Europe, far the most peopled portion of the globe, is rapidly approaching this most desirable end, the close of short-sighted international selfishness and unneighborly ill-will.

FALLACY SEVENTH.

"IS NOT THE GREAT OBJECT OF ALL GOVERNMENT THAT OF PROTECTION?"

John Quincy Adams, sagacious as he was, asked in the House of Representatives, to which he had returned from the White House, why any one opposed protection, and whether the end and object of all government was not the

* The absurd tyranny of prescribing prices which was universal in the Middle Ages, and which I have known in some instances in American towns, has been illustrated in a recent work of great interest: "Memorials of London and London Life in the Thirteenth, Fourteenth and Fifteenth Centuries. Being a series of Extracts, Local, Social and Political, from the early Archives of the City of London, A. D. 1276-1419. Selected, translated and edited by Henry Thomas Riley, M.A. Published by order of the Corporation of London, under the superintendence of the Library Committee. London: Longman. 1868."

In 1363 a proclamation, in Norman French, by the Mayor, prescribed "That the best goose shall be sold for 6d.; the best sucking pig for 8d.; the best capon, 6d.; a hen, 4d.; the best rabbit, 4d.; a teal, 2½d.; a river mallard, 5d.; four larks, 1d.; a *smyle* (snipe), 1½d.; a *woodcock*, 3d.; a *perdriche*, 5d.; a *fesaunt*, 2d.; a *spawle* (shoulder) of roast mutton, 2½d.; a *brusket* of roast mutton, 2½d.; a capon, baked in a pasty, 7d.; a roast goose, 7d.; the best carcass of mutton, 2s.; the best *loigne* of beef, 5d.; the best *pestelle* (leg) of pork, 3d.; the best *loigne* of pork, 3."

protection of all interests and persons? Yes, indeed, one of the main objects for which men live in political societies is the protection of their persons, property and interests; but it is the protection of all, not the favoring of some at the cost of the rest. There may be on record no more striking illustration of the mischief resulting from using an ambiguous word for what the logicians call the middle term of a syllogism than this case. Let everything good, essential and right be protected, but do not call monopoly, or the favoring of some, by the name of protection; do not give the name of protection to interests artificially created by legislation, and then reason on this arbitrary term as though you had to defend yourself against enemies.

FALLACY EIGHTH.

“LOOK AT THE LOWELLS AND THE BUSY MANUFACTURING PLACES.”

Strangely constituted indeed must be the man who can sail down the Meuse, or fly along through the Elberfeld district, and along the valley of the Wupper, without being filled with wonder at the human industry thus visibly, loudly and busily displayed before him. But the question always remains, is there poverty in the back-ground? How many that are not seen are forced to contribute to this activity? If all is done in a fair and just way, such industry is a great good; but not so if, by unjust laws, the farming community, and indeed the population at large, the manufacturing people included, are obliged to pay tribute to those establishments in the form of enhanced prices. The manufacturing towns are seen, the steam-driven spindles are heard, but no one hears or sees each time when a man, be he poor or rich, pays fifty per cent. more besides its value for an article he stands in need of.

There is no measure of extensive effort, however calamitous, that does not make the great fortune of some. Many bankers, most of all the contractors became rich in the times of Napoleon, but his wars were certainly not productive of wealth. He himself pointed at the many millions of francs which he caused to flow into France from the conquered countries, when

people complained of the impoverishing effects of his wars. As well might the Roman emperors have pointed at the enormous fortunes of some senators, to show that the wars of the empire were not pauperising all Italy and the whole of the known world.

The fact is, accumulated riches, busy towns and astounding amounts of business done in single places, prove nothing of themselves. Real wealth is always greatly diffused and not easily visible. Great riches generally indicate wide-spread poverty. Not that the accumulated riches are necessarily withdrawn from the poor, but the great accumulations of a few do not in any wise indicate the improved condition of the whole people.

Let things branch forth in their natural way, and let consumers have Free Consumption, but do not force fortunes as fruits are forced in hot houses, and do not take single busy manufacturing spots as a necessary indication of universal welfare. Faulty legislation may have forced thousands of poor consumers to contribute their painful share to create this pleasing hum.

FALACY NINTH.

“PROTECTION HAS A TENDENCY TO MAKE THINGS CHEAPER.”

This fallacy would not have seemed to deserve mention here, were it not frequently urged in discussion. It was not long ago one of the commonest arguments of the protectionists.

Protection, they said, raises prices indeed; this leads to the invention of machinery; machinery saves labor and makes things cheaper. In the same manner it used to be argued in England, even by some prominent economists, that war had its good economic effects, despite the enormous public debt, by driving the people to invent machines.

All that is necessary to reply to such incoherent argument is, that if protection is recommended because it leads ultimately to cheapness, we prefer beginning with cheapness. That is all.

As to the specious war argument, let no reader misunderstand us. War is far from being the greatest of evils; and

blood may flow for things far nobler than itself; nor is physical well-being the highest of things we can not do without, but we solemnly protest against all untruth and equivocation. It belongs to the *impossibilia* of this earth to increase wealth by war, directly and indirectly. When we must go to war, let us manfully present to ourselves the cost; provide like honest men for the expenses; and never listen for a moment to those men who recommend war to us for any economic reason, whether they are bungling thinkers or smooth-tongued self-seekers, nor to those who wish to repudiate solemn engagements.

FALLACY TENTH.

THE ANTI-ENGLISH FALLACY.

"We hate the English," or whatever other words may be used; "the English are in favor of free trade; let us be for protection, for seclusion. We don't want anything English."

In these or similar words a fallacy is expressed which is frequently made use of, however irrational it may be.

The difficulty in acting upon this principle seems to lie in the fact that we must begin with abolishing the English language, the Christian religion, and the practice of wearing the nose in the middle of the face; for we have the two first in common with the English, and the English people wear their noses pretty much in the same place where we are in the habit of wearing them.

Even if the adherents of this doctrine think they do right in substituting, "Hate thy neighbor as much as thou canst," for the command, "Love thy neighbor as thyself," and for the first principle of the Christian law of nations, "Peace and good will toward man," even in that case they ought not to lay down the maxim, Hate thyself as much as thy neighbor; and it does show disregard of self when the advantage which necessarily results from simple exchange is wilfully interrupted. But what can we say, when a leading protectionist actually stated, not in passionate speech, but in the consideration of printed words, that a ten years war with England would do us good! These men seem to know better than the

Creator, who made all things, beings and climes, for Interdependence and Interbeneficence.

Bitter as it is, it is a fact that this argument has been urged, and continues to be urged, in the latter part of the nineteenth century, and by people who profess a cosmopolitan religion of good will and peace.

FALLACY ELEVENTH.

THE BALANCE OF TRADE.

By balance of trade is generally understood the balance between exports and imports ; and the protectionists say, if more is imported than exported, it is clear that the balance must have been made up by money, so that the country has lost so much as the exported money amounts to.

Mr. Levi Woodbury, Secretary of the Treasury to General Jackson and President Van Buren, went so far as to show, in a report, published with one of the President's annual messages, that ever since the establishment of this government the United States have imported more than they exported, and that thus they have been carrying on a losing business ever since. How the country managed to flourish and how national wealth increased, or why people continued trade for nearly a century, while it was all the time a losing business, cannot be seen. This statement of Mr. Woodbury was made up from the books of our custom houses. Now, if we carry on a prosperous trade, the books ought to show importation greater than exportation. If a thousand bales of cotton, valued at \$50 each in the port of Charleston, do not realize in Liverpool more than \$50,000 and the freight, they had much better not be exported ; but if they sold in Europe for \$65,000, and merchandise to the amount of this sum was imported, so that apparently \$15,000 worth more was imported than exported, then it was most likely a profitable business. Yet the balance-of-trade protectionists would wish us to believe that in this case \$15,000 in coin went out of the country, and that therefore the country was by so much impoverished. Money, however, does not grow in the fields ; at least, specie does not. In order to be able to purchase commodities in Europe, we must first pro-

duce something to offer in exchange for it. (See Webster's words in Fallacy 4.) The figurative question much in vogue at one time, "How can a man expect not to get poorer from day to day, if he daily takes more money out of his breeches pockets than he puts in?" is utterly futile. There is no such a thing as "the people's pockets." Men must produce wealth to be able to exchange it for other commodities, which they desire. Here, as elsewhere, we meet with the two truths, which it were well for us had they never been forgotten :

He who interferes with exchange, natural and necessary, interferes with the essential welfare of mankind ; and wealth cannot be increased but by production. It is the only way. Wealth can never be legislated into existence. Laws have indeed been passed, in the course of history, calling half a dollar a dollar, but no law has ever been able to make \$2,000 out of \$1,000.

If the people who carry on that peculiar and important branch of productive industry called commerce, and those people who furnish them with the commodities which by commerce are exchanged, are not to be trusted with their own interests, and if governments must regulate their exchange, and indirectly their production, and if disastrous years like 1837 and 1857 are held up as terrible examples of unrestrained importation, we ask who are the government which is to play a sort of sub-providence over us? Are they not men like ourselves? Have governments never gone mad with ruinous speculations? What is asked of government on this point is directly hostile to the principles of self-government, which we cherish so highly. Why are all these government regulations insisted upon merely for foreign trade and foreign importation, and not also for New York trade with New Orleans or Oregon? May the people of San Francisco not over-stock the market with Massachusetts goods, if left to themselves? Are these markets unimportant? Now, let a protectionist dare to propose government control in this case, and see how Boston and San Francisco would blaze up in a fire of indignation. Yet, why? If the government is expected to regulate for us what we shall import and export, then we must go further, and let govern-

ment (whatever that be) regulate, "organize" everything ; in short, adopt communism at once. Protective tariffs are partial and slightly-veiled communism. The wider trade extends the steadier prices are, on the same principle that averages, for instance of crime, become steady in the same degree as the area of observation is extended. Perfect free trade in grain would impart an almost unchangeable price to the cereals.

This idea of considering wealth to consist in the keeping of money within our country, and which has led to the strangest legislation in various countries, actually induced Mr. McDuffie, Senator of the United States from South Carolina, who had been a fierce nullifier, and was a loudly professed free-trader, to declare in the Senate of the United States that he must own there was no harm in war, economically speaking, if all the articles required for war can be obtained within the country of the belligerent, and the money can thus be retained within the country. It is the exact argument of Louis XIV., that the many millions squandered by his mania for building remained in the country, and thus no harm was done. On the contrary, he called the building of Versailles the method of distributing charity appropriate for kings, and, I must add, that I have heard educated persons in France say that not only Louis XIV., who nevertheless regretted on his death-bed his mania for wars and building, was perfectly right, and that had not the monarch put the many millions into these spacious fabries, which continue to stand, they would be lost and gone by this time !

Spain, importing precious metals from her colonies for centuries, and having a law prohibiting all exportation of precious metals, in order to "keep Spain rich," sank deeper and deeper into poverty with every decennium, because it would not produce. So much for keeping "money" in a country.*

* Long after the Fallacy on the Balance of Trade was written down, after my delivery in a lecture, I became acquainted with the speech which Daniel Webster made in the Senate, April, 1824, on the Balance of Trade. The Canon Law allows an appeal, *a papa male informato ad papam melius informandum*. In our case, we must appeal *a Webster male informante ad Webster quondam melius informato*. The following extract of that speech is worthy being perused at present:

FALLACY TWELFTH.

THE RIGHTS OF LABOR, AND "THE RIGHT TO LABOR."

Some ten or fifteen years ago a pamphlet was published by Mr. Greeley, under the title, "The Tariff Question," * in which

"Let us inquire then, sir, what is meant by an unfavorable balance of trade, and what the argument is, drawn from that source. By an unfavorable balance of trade, I understand, is meant that state of things in which importation exceeds exportation. To apply it to our own case: if the value of goods imported exceed the value of those exported, then the balance of trade is said to be against us, inasmuch as we have run in debt to the amount of this difference. Therefore it is said, that if a nation continue long in a commerce like this, it must be rendered absolutely bankrupt. It is in the condition of a man that buys more than he sells; and how can such a traffic be maintained without ruin? Now, sir, the whole fallacy of this argument consists in supposing that, whenever the value of imports exceeds that of exports, a debt is necessarily created to the extent of the difference; whereas, ordinarily, the import is no more than the result of the export, augmented in value by the labor of transportation. The excess of imports over exports, in truth, usually shows the gains, not the losses, of trade; or, in a country that not only buys and sells goods, but employs ships in carrying goods also, it shows the profits of commerce and the earnings of navigation. Nothing is more certain than that, in the usual course of things, and taking a series of years together, the value of our imports is the aggregate of our exports and our freights. If the value of commodities imported in a given instance did not exceed the value of the outward cargo, with which they were purchased, then it would be clear to every man's common sense that the voyage had not been profitable. If such commodities fell far short in value of the cost of the outward cargo, then the voyage would be a very losing one; and yet it would present exactly that state of things which, according to the notion of a balance of trade, can alone indicate a prosperous commerce. On the other hand, if the return cargo were found to be worth much more than the outward cargo, while the merchant, having paid for the goods exported, and all the expenses of the voyage, finds a handsome sum yet in his hands, which he calls profits, the balance of trade is still against him, and, whatever he may think of it, he is in a very bad way. Although one individual or all individuals gain, the nation loses; while all its citizens grow rich, the country grows poor. This is the doctrine of the balance of trade.

"Allow me, sir, to give an instance tending to show how unaccountably individuals deceive themselves, and imagine themselves to be somewhat rapidly mending their condition, while they ought to be persuaded that, by that infallible standard, the balance of trade, they are on the high road to ruin. Some years ago, in better times than the present, a ship left one of the towns of New England with 70,000 specie dollars. She proceeded to Mocha, on the Red Sea, and there laid out these dollars in coffee, drugs, spices, and other articles procured in that market. With this new cargo she proceeded to Europe; two-thirds of it was sold in Holland for \$130,000, which the ship brought back and placed in the same bank from the vaults of which she had taken her original outfit.

"The other third was sent to the ports of the Mediterranean, and produced a return of \$25,000 in specie, and \$15,000 in Italian merchandise. These sums, together, make \$170,000 imported, which is \$100,000 more than was exported, and is therefore proof of an unfavorable balance of trade, to that amount, in this adventure. We should find no difficulty, sir, in paying off our balances, if this were the nature of them all."

* The whole title is: The Tariff Question. Protection and Free Trade Considered. By Horace Greeley.

the rights of labor are discussed. Section 19 of that pamphlet is inscribed "The Right to Labor." The argument is pretty much that of the communists to this day. "A man's trade is his estate;" and he has a right to see it protected, which protection includes and requires a protective tariff, or exclusion of products of foreign labor.

The brief space which can be allowed to these discussions in this place will limit us to simple indications of our views.

Of course "a man's trade is his estate" if he lives by it, and for this very reason the trades of all ought to be most attentively protected. A blacksmith's trade is his estate. He must support himself and his family by it, and for this very reason no one, may he call himself King, Kaiser, Economist, Congressman, or whatever else, has any right to invade his estate and make him work days and days more in order to buy his necessities or luxuries, whose prices a despotic tariff may have raised, while at the same time the tariff has raised the price of iron, consequently diminished its consumption and lessened the fair income of the blacksmith.

If labor has any particular rights, and if they are natural and just, they ought to be protected by all means; not forgetting, however, that this applies to all labor, and also to the effects or results of labor—to saved and accumulated wages—to capital. That, too, has its rights. Or would a master shoemaker like to see the capital which he has earned, and which has enabled him to set up for himself and carry on his business, discard protection of the result of his labor so soon as he himself ceases to draw the wax-end?

Does Protection of Labor not include the Right of Production? What else is labor good for, if it is not productive? But protective tariffs interfere most seriously with production. Has forsooth the present tariff not cruelly interfered with our ship-building labor, once so productively employed?

If by right of labor is meant a special privilege of one species of labor—that, for instance, of the manufacturing or artisan labor over farming or trading labor—then we deny this right.

If by right to labor is meant that people have a right to produce what they like and in whatever quantity, without any reference to the question of demand, and that the common-

wealth must purchase the undesired products, as the rights of labor were understood in France in 1848 and later, and as very many communists here understand it, then we wholly disavow it, as we disavow and abhor all communism, pretty much the most crushing of all absolutisms or despotisms. No liberty and life without individualism.

All that each man is, he is in consequence of being an individual and at the same time a social being. In politics, in law, in morals, in religion, in civilization, each man's life turns around an axis the two poles of which are Individualism and Socialism; or, each life is pervaded by the principle of individuality and the social element. Communism, however, annihilates individualism, and is against our very nature. Protection is veiled communism, as far as it goes.

What has Spartan communism done for men, by the side of Athens? Furnished Plutarch with some fine anecdotes of dying soldiers. Modern grenadiers know how to die as well. Waterloo and Gettysburg prove that.

In the year 1844 Alexander Humboldt said to me: "You are wrong in your detestation of communism. People like you and myself, who write books which do not sell a hundredth part as well as many paltry and even bad books, ought to be communists. We write books that will not sell, poor books, no matter what books, and forthwith, according to 'organized labor,' the commonwealth ought to be bound to take them off our hands. To be sure, those who must pay for them may grumble, or we may grumble at being obliged to take bass viols in our turn, though not playing the instrument; but what is that? *Vive le Communism!*"

On the other hand, John C. Calhoun said to me one day: "Don't you agree that slavery contains all that is good in communism, and discards what is bad? Slavery in this, as in so many other cases, solves problems (the statesman meant here, of course, the labor and capital question,) which cannot be solved otherwise."

All despotisms have a large element of communism. The fearful tyranny and absolutism "drawn" by Bishop Bossuet for Louis XIV. "from the Bible," is communistic in its doctrine of a community of property and rights of all, in the monarch;

and protective tariffs are, as far as their communistic element goes, despotic ; often tyrannical.

We say this, not challenging to disputation, but calmly to elicit reflection ! Tyranny is a fearful thing, and stifles all loyalty ; yet, of all governments, a republic stands most in need of citizens loyally devoted to it. The present oppressive, arbitrary tariff has a tendency to disloyalize our fellow-citizens. Would that the prominent protectionist who once acknowledged that he had been and still was a communist, were to ponder this serious question ! Our Tariff engenders daily growing discontent—a bitter rancor, something quite different from a wholesome opposition.

Our forefathers plunged into the Revolution avowedly on these two principles :

We are Englishmen, and the mother country denies us the liberties which are the birthright of every British subject ; or, as Washington expressed it, they denied us the rights to which Nature and the British Constitution entitle us. And the home government will not allow us, the colonies, free exchange and free production.

And now we quarrel with free trade because it is called English, and insist on seclusion for ourselves and exclusion of all other countries, which means prohibition of Americans to trade, directly or indirectly, with whom they like.

FALLACY THIRTEENTH.

THE VICINAGE PRINCIPLE, SO CALLED.

It was for many years one of the favorite arguments of Mr. Carey, and possibly is still so, that protection was necessary, among other things, for this reason : that without it the factory could not be placed close to the producing cotton field, and the immense cost of freight, first for carrying the cotton to Europe, and then the textile fabrics back to the producing country, could not be saved. A principle was thus attempted, namely, it is necessary to establish the manufacture close to the producing of raw material ; and this was called the vicinage principle.

We briefly object to this the following points :

If the freight of carrying the substance to and fro enhances the price too much, why not leave it to the people to discover it; and why protect? Protection, in this case, would not be necessary.

There is nothing distant or near in political economy, except so far as the cost of transportation is concerned. Is, in point of economy, an expensive overland route to California nearer, if you could carry the commodities cheaper round Cape Horn?

East India cotton is carried to Scotland to be woven into calico, which is carried back to the Ganges, there to be consumed by the Hindoos. Would he who should insist on erecting manufactories in Hindostan benefit the poor Hindoo? If manufactories could be erected there, and work as cheap as the Glasgow manufactories, well and good. But in this case no forcible over-riding of the natural turn of things would be necessary; so soon as we resort to forcible production, we prove that we act economically and legally wrong.

Thirdly—Suppose we can establish the manufactory close to the raw material, how is it with the consumers? In short, does the vicinage principle require that the wheat field, mill, baking oven, and the consumers with open mouths, all cluster together?

Fourth—It is simply impossible to carry out the vicinage principle. The raw material is gained in most cases where the transforming and industrious processes cannot be carried on.

And, lastly—What becomes of the great principle of inter-dependence, inter-communication, inter-assistance? If the principle of vicinage were a true and a feasible one, it would lead to isolation rather than to inter-communion. The vicinage principle strives against the order of things, according to which men's varied appetites and necessities, increasing in number as civilization advances, can mostly be satisfied only from afar. Analyse a fairly appointed dinner table of a common household. How many distant regions have contributed? What commerce has been necessary to bring it about, by direct or concatenated exchange? Man is ordained not to find everything near him, as the brute does. Self-suffi-

cient independence is not his destiny. All men are made for inter-dependence, which increases with our progress. What are miles in political economy!

FALLACY FOURTEENTH.

“WE ARE A YOUNG COUNTRY; WE ARE AMERICANS; EUROPEAN SYSTEMS AND THEORIES DO NOT APPLY TO US.”

The positive fact that such fallacies are often heard can alone justify us in mentioning them here. Would that we Americans said of ourselves what the old Roman said of himself: “I am a man, and hold nothing human alien to me,” and that we applied this saying in the sense: We are men, and no laws prescribed for men are alien to ourselves!

The “European systems” are manifold and contradictory, so nothing can be derived from the term European.

We are human beings, placed on the same globe with other people, subject to the same physical and moral laws, liable to the same penalties for running counter to the dictates of wisdom, and bound by the same duties toward others and ourselves. There are no favorites in history, and God has no pet nations. If we are foolish, we must pay the penalty of folly like any other people.

Our country is no young country in the obscuring sense in which this is generally taken. It is not yet a century since we separated from England, but that does not make us *young* in every sense, as little as you create two *young* counties by dividing an old one. The substitution of *young* for *new*, constitutes in most of the cognate cases a distinct and serious fallacy.

Europe, America, Asia, are names which in many spheres of thought and action have no meaning. The same mathematics for all; the same physiology; the same facts. Divisions made for one reason lose frequently all meaning as soon as we speak of other subjects. The laws of production, exchange, and consumption, do not alter, any more than the laws of electricity change from one country painted red on a map to another painted blue. I have been called upon from Canada to join in the establishing of an American free trade

system, granting absolute free trade all over America (I suppose North America was really meant), to the complete exclusion of Europe. What, let us ask, can be the meaning of the geographical word America in this discussion of values, of wealth, of exchange?

Does it affect the thermometer, that it was invented by an Italian? or the press, because a German invented printing? or the lightning-rod, because an American stole the fire from the heavens?

Patriotism consists in loving our country, and being devoted to it in very deed, not in hating other countries, nor in applying geographical names to regions of thought and action far beyond it. Let us be Americans in the truest and widest sense, but as men, too, un-narrowed by provincial egotism, by—could I literally translate a German term, I would say—small-statismess.

If the youth of our country is urged in defence of prohibition, in order to show that we want it for the purpose of calling certain branches of industry into existence, we refer to previous remarks. No one has a right to sacrifice the interests of the consumers by the forcing of certain branches of industry, believed by certain men to be indispensable. What, if another set of men maintain that our incomparable country is made and destined to be the great feeding country of the world, as Sicily and Egypt once were for Italy? And very potent statistics might be adduced to support this assumption.

Again and again we repeat that it is the first of duties, and, consequently, the first of rights, of man to produce and exchange—a duty and complementary right which no theorist, no fancy economist, ought to be permitted to trifle with.

FAILLACY FIFTEENTH.

THE ENFORCED HOME MARKET.

Adam Smith, that man who first taught the glorious doctrine of a new statesmanship, that nations, like individuals, profit and are not injured by the prosperity of their neighbors, also said that domestic production and consumption far surpasses in amount the foreign trade of most or all large na-

tions. Therefore, the protectionists continue, let us make a home-market.

Whatever be meant by that frequently used term home-market—I suppose, chiefly, domestic production and consumption, and by *domestic* again is meant within the political boundaries of a country—whatever be meant by the word home-market, so much is sure, that however large and populous a country may be, its foreign trade is important, and increases in importance with the population; that nations are no more made for oyster-like seclusion and self-sufficiency than individuals, but, on the contrary, are made for inter-dependence and inter-completion; that however important domestic production and consumption may be, it differs in no essential from production and consumption in general, and nothing good can be effected by enforced production and consumption on the one hand, and that, on the other hand, there is great injustice in enforced home-markets to those who stand in need of foreign commodities; that whatever difference in some countries there may be in the amount of domestic exchange and foreign trade, yet that foreign trade is as important, as far as it goes, as the domestic; just as the olfactory sense, carrying far fewer sensations to the brain than the eye does, is nevertheless as essential in making up the being we call man as the sense of vision; and lastly, that we have no right to meddle with the subject by that authority which was not given for forcing people into wealth according to plans, and by means which, at the time, may seem best to authority.

FALLACY SIXTEENTH.

“WHERE ARE THE WORKSHOPS OF THE WORLD, THERE MUST BE THE MARKETS OF THE WORLD,” THEREFORE, LET US ERECT OUR OWN WORKSHOPS, KEEP OUT FOREIGN PRODUCTS, &c. &c.

Closely connected with the foregoing fallacy is that for which the words of Mr. Meredith have been quoted as a heading.

The report which Mr. Meredith made, when Secretary of the Treasury, on the State of the Finances, December 3, 1849, has this passage, with which Section 3 concludes: “All his-

tory shows that where are the workshops of the world, there must be the mart of the world, and the heart of wealth, commerce, and power. It is as vain to hope to make these marts by providing warehouses, as it would be to make a crop by building a barn." Indeed it would; but it would be likewise as vain to hope making people come to your workshops to buy what they want, when your workshops are like forcing houses, and the people can buy what they want cheaper and better elsewhere.

The writer did not see that he condemned himself by his own words; yet the grievous error is neatly enough expressed, suited the protectionists, and the error had all the success which is almost sure to any neat formulation or pungent antithesis. To this day the World's Mart and Workshop Fallacy is popular with many, not inferior minds.

Our objections are positive, and in no way equivocal. History does not show what she is here said to show. When the Cape of Good Hope had been discovered, and the chief trade concentrated in Lisbon, was Portugal the world's workshop? When Venice was the mart of the world, before Lisbon became such, was she the world's workshop? The Netherlands had few workshops when they had the world's trade. But what is the world's workshop? These are big and uncertain terms. Nature is the world's workshop. In every product the natural agents perform far the greater part. Man is little more than the combiner, appropriator, and exchanger; God is, and ever will be, the Great Producer. The workshops of the world are not in one place, and never have been.

Nor is the tendency of advancing civilization towards creating "hearts of wealth, commerce, and power," any more than creating universal monarchy. Life, diffused energy, is the motto of modern times, not centralism in production, or commerce, any more than in politics or religion. In ancient times there was always one leading nation, first in Asia, then in Europe. In modern times there are many leading nations forming a commonwealth of nations, or, as I have expressed it elsewhere, in modern times many nations draw the car of civilization abreast, like the chariot horses in the Olympic games, and this is a distinct characteristic of modern times.

Suppose, however, that every word said here were erroneous, how did it happen that the Treasurer of the United States did not perceive that he pronounced his own condemnation? Though it were true that workshop, mart, wealth, commerce; and power, were always clustered in one golden grape, though it were true that the workshop, by which, of course, is meant the manufacture, were always the beginning of wealth, is it then not seen that you will not create wealth by calling up forcibly machine shops and manufactures, and *impoverishing* people by obliging them to buy in those uncomfortable hot-houses? The serious error committed in this case is the common one of confounding cause and effect, and which had best be called Jack Downing's Fallacy, for in one of Downing's letters to General Jackson he says, that " 'down east' the thermometer stood 20 degrees below zero, and the weather would have been much colder had the thermometer been longer. There is a great deal of wealth in England, and so there are a great many factories; therefore let us build as many of the latter as possible, by severe laws, if necessary, and we shall accumulate proportionate wealth!" Dr. Franklin's "Build pigeon-holes, and pigeons will come," does not apply to all provinces of action. Buying pots and pans produces no dinner. We may, indeed, prevent our own people from buying foreign products, but how to force foreign people to buy here, and make this country a mart of the world, transcends our powers to imagine.

I cannot dismiss Mr. Meredith's report without mentioning that I find on the copy now before me this memorandum—"This well written but feebly reasoned paper contains most of the arguments peculiar to American protectionists, and repeats most of the old arguments of protection. Has he had much intercourse with Dr. List?"

FALLACY SEVENTEENTH.

A JUDICIOUS PROTECTION WITHIN THE LIMITS OF A REVENUE TARIFF.

A theory prevailing especially at the time of General Jackson's presidency, and which is an attempted compromise

between free trade and protection, is this : We have no right whatever to raise more money by a tariff than what the government wants for its support ; but within this limit it is fair to establish discriminating duties in order to help domestic manufacture.

If by this latter duty were meant so trifling a duty that none would feel it, the old law maxim, the law does not take notice *de minimis*, might be adduced ; but a trifling tax does not do any one good, nor does the subject loose in injustice by the fact that perhaps comparatively few are affected. For those few, that tariff is as injurious as a sweeping one is to all. We have no right to sacrifice any class, however small, to the supposed benefit of the whole. The argument is illogical. We have no right, it is said, to raise more revenue than what is wanted to support the government. So be it. If the support of the government is the object of a tariff, then whence is derived the right to discriminate within the limits of this tariff ? That is to say, whence comes the right to sacrifice the wealth and well-being of certain consumers, not to the support of the government, but to promote the interest of a certain class at the expense of the others ?

Shall then no regard be paid to those, who according to the laws of the land, good or bad, have invested large means ? We mean no such thing. The State is a continuity, and we cannot otherwise but pay due regard to what has been done.

We can point out very briefly what we consider necessary according to moral and legal, as well as economical principles, according to right, righteousness and reason :

Acknowledge the right of free consumption in everyone, and therefore free exchange in all.

You have a right to establish a tariff for the support of government and the discharge of its solemn engagements, and it is advisable to make use of this right, for a number of urgent reasons, in this country. But you have no right whatever to establish monopolies under the name of protection, nor to discriminate, within the limits of a revenue tariff, in favor of certain branches, excepting only those, which your own misleading and unjust laws have called into existence, and then only with a view of speedy, though gradual extinction of all protection, and for ever.

FALLACY EIGHTEENTH.

PROTECTION IS MORE POPULAR.

"Three times have the people of America decided that they want protection; why do you continue to trouble us with your free trade?"

Thus a leading protectionist said to me on a memorable occasion.

"Did you not observe that immediately after the expulsion of Louis Phillippe in 1848, the workmen of Paris expelled the English railway workmen and engineers?" "It was the feeling of patriotic protection, which made them act thus, so soon as free," said another prominent protectionist to me on another occasion.

We are close to the conclusion of our remarks, and I must limit myself to the following suggestions, to which, nevertheless, the attention of the reader is invited:

The immediate profit on visible transactions is seen; the vast advantage of unseen transactions is not seen, but must be gathered by reflection. It was ordered by the town authority of the place I lived in, in the South, that no free negroes should be allowed to buy chickens for the Charleston market. Here the advantage of the chicken consumer of the place was seen; the advantage to the chicken producer of getting the highest price was not seen, nor personally felt at once.

Even if the American people decided three times in favor of protection, which we doubt, that is no reason why protection should be right. How often did Rome decide against Christianity; how many million times did mankind decide in favor of guilds, or in favor of devastating conquered cities and selling the conquered? The progress of mankind follows almost always this line: that a truth is suspected, proclaimed, a few adopt it, a minority struggles into a majority, and at last establishes the truth. Truth is not settled by majorities. To this day far more dwellers on the earth believe in polytheism than in one God. Shall we worship on that account the Diana of Ephesus? But, in connection with this subject of majority, it ought to be mentioned, that in no science or branch of know-

ledge has there been so large a majority, almost amounting to a unanimity of its distinguished votaries, as has been of the leading economists of all countries, from Bacon and De Witt, in favor of free trade.

Nor can plausibility always be taken as evidence of truth. What is more plausible than that the sun rises and our earth stands still? On which side is and has been the overwhelming majority of our kind, from the beginning of things? And what is more erroneous? If a hatmaker receives \$12 for a hat, for which, before the tariff, he would have received \$5, it is very plausible to him that the tariff makes him \$7 wealthier; yet he is mistaken; for, as consumer, he loses more.

I hold it to be a verity, belonging to practical reasoning, that plausibility is, in all higher regions of thought and comprehensive generalization of action, *prima facie* evidence of error. The greatest errors in religion, statesmanship, physical science, moral and political economy, are very plausible; and whenever we find that a difficult question which has puzzled mankind, is plausibly explained, let us be on our guard, and be almost sure, that the reasoner before us is totally wrong. We could not possibly go through life, were we not to follow plausibility in all simple, every-day cases, were we not to conclude that it rains, because our friend enters with a dripping cloak; and we cannot err more grievously, and miss truth more certainly than by allowing plausibility to guide us in inquiries of the higher sort. How plausible that fallacy was, which we will call the Titus or Vespasian fallacy, in the last century! The best government is a wise and virtuous prince, with absolute power, and "no fools to discuss." How plausible it still seems to many, that, because government being established for the benefit of the people, therefore throw all power into the hands of the people, (meaning, practically, the majority,) establish popular absolutism; and as a matter of course, the people will not act against their own interest! Yet there exists no error more absolute, and, logically speaking, more absurd, than the Titus fallacy, and the last mentioned fallacy which has come down to us from the period of Rousseau.

FALLACY NINETEENTH.

THE ARGUMENT OF ASPERSION AND VILIFICATION.

When the contest for free trade was going on in England, the land owners were the protectionists, and the manufacturers were the active free traders. Cheaper food for the laboring population was called for; and when a statue of Sir Robert Peel, who carried English free trade, was erected, the inscription was proposed: "He gave cheap bread to the people of England." At the same time, if memory does not wholly deceive, it was the English free traders who used the severer language against their opponents in that memorable struggle, not however, such scurrilous expressions as are not uncommon with American protectionists toward the American free trader.

In America, indeed, the reverse of the English case takes place. Here it is the manufacturer from whom the clamour for protection first arose, and the vilifying invectives are, so far as my observation has shown me, chiefly, perhaps exclusively made use of on the side of the protectionists. Reckless insinuations are freely resorted to, and unwarranted charges against free traders are treated like evidence in favor of those who make the charges. Free trade is treated from the outset as a sin. It has thus been, at least, ever since the renewed contest between protectionists and free traders. The psychological phenomenon, doubtless, deserves a candid inquiry, but here we have sufficient place only to state the fact, that want of knowledge, lack of common sense, "meanness," "cruel selfishness toward the poor," destitution of public spirit, of patriotism, and the charge of being hired by British Gold, are the faults, the vices and the crimes of which not only every free trader is accused without shame or hesitation in America, but even those men who, upon the whole are protectionists, but venture to express an opinion that our present tariff might be modified for the benefit of all. The open charge of being bribed by British manufacturers, has been repeated by leading American protectionists, when they knew it to be utterly unfounded, against prominent and deserving citizens of unfurnished character. Times long past, when ribald and

opprobrious terms were believed to strengthen an argument, when public men descended to calling their opponents by names, seem to have returned with our protectionists. Their virulence is surprising, and their boldness worthy of a good cause. The debates in Congress show a similar difference. It is a distinction greatly in honor of the American free trader. He does not seem to think that abusive language or opprobrious insinuations prove anything, but are usually considered to indicate in the person who makes use of them, an instinctive feeling or a secret conviction that all is not so simply clear and right as it is pretended to be.

It requires no gift of prophecy to foretell that, should the recent Japanese settlement in California be measurably successful in the production of tea, the following will take place, in the order in which we give it :

First. Tea planters will clamour for high protection, as the Louisiana sugar planters vehemently insisted on protection of their sugar, however loud many of these very planters were for free trade in South Carolina, even to nullification.

Second. —The forty millions of Americans, minus the tea planters and a few editors of protection journals, will be told that it is no matter whether they have to pay double or treble the price for worse tea, or to dispense with tea, although tea has become one of the necessaries of life. What is given to paupers in the alms-houses may surely be called a necessary.

Third. —We, who shall protest against this invasion of a freeman's simplest rights, and who shall maintain that poor people have a right to drink their tea, as much as "poor people have a right to sneeze," we shall be indicted for having accepted bribes from the Ziagoon.

Fourth. —We shall see it proved, that tea produced four thousand miles from us, and distasteful to us, and very dear, still is *domestic* tea and *therefore* is better, and that no patriotic man will hesitate to praise it above all Souchong pure.

May the American free trader pursue his end with calm determination, worthy of the cause of human progress, and not allow himself to be drawn into undignified disputes however provoking the occasion may be.

FALLACY TWENTIETH.

"THE VERY NAME OF FREE TRADE SHOWS THAT IT IS A SYSTEM DEVISED FOR THE BENEFIT OF A FEW MERCHANTS. COMMERCE IS UNPRODUCTIVE. WE WANT INCREASED PRODUCTION, HIGHLY-PAID LABOR, AND A BUSY HOME MARKET IN GENERAL," &c., &c.

No fallacy, no error of any kind, has been imputed in this paper to the American protectionists, which has not been used by them in full reality, and so has the fallacy at the head of this section been copied, and not invented, startling as it may present itself to the minds of indifferent persons.

It is in most cases dangerous, frequently unsound, to hang an argument on a name, an etymology, or a figure of speech. It can be readily shown how the name Free Trade came to be adopted, but it is not the best name that could have been selected. Free Consumption would have been more philosophical, and would have expressed at once the rights and interests which we believe to be involved in this question. Men produce and exchange in order to consume, and everything in this world—life, progress, civilization, science, and religion, education, nationalism and internationalism, comfort and aesthetics, literature and refinement, health and charity, government and law—all require consumption of values, increased consumption with advancing civilization. Men produce and exchange in order to consume; consumption is the end and object, so far as the material world is concerned, as a means for a higher sphere and life, and to encumber consumption, to stint it by unwise laws, instead of aiding it to the fullest, is nothing less than interference with the sacred objects of humanity. To interfere with consumption is really as preposterous as an attempt would be to interfere, by sapient laws, with free respiration. All interference with production and exchange *is* interference with consumption. By unhampered exchange at home and abroad we increase production, and leave to every consumer the chance of obtaining the largest amount of the best commodities he desires for what he may have produced in his line of industry. However well meaning

some protectionists may be in their grievous error, in reality they interfere with God's own laws and commands. They seem to think that the "sweat of the brow" with which the sons of Adam were cursed is not the effect of sin, but a divine object, and that the more "sweat of the brow" so much the better.

It would then be preferable had the term Free Consumption been selected from the beginning, instead of Free Trade, but the term is settled, and probably will not be changed, like so many thousand inappropriate terms. Nor does any advantage arise out of the name Free Trade for the protectionist.

Free Trade is no system, no theory, no basket-work of slender concepts; it is simply an encumbered exchange. The French name, Free Exchange, is better than our term, Free Trade. We want exchange of products, of values of all sorts, near and from afar. By commerce is generally understood a certain not well-defined branch or portion of the vast God-ordained exchange; but, whatever may be its defining limits, it is, like all exchange, productive.

What is production? Not increase of matter. He alone that created it could increase it. Production means the creation of value, or increase of value. When commerce fetches pepper from the coast where it is little wanted and takes it to the consumer who desires it much, in that case commerce has added to the value of the pepper, and has been productive just as much as the miner is productively employed when he fetches the coal or the ore from the bowels of the earth, where it could not be exchanged, and brings it to light, into the world of exchange, of formation, transformation, combination, constant re-exchange and consumption.

All branches of human industry or activity are productive if they increase value. Appropriation is productive; if our fishermen go to the Banks and appropriate fish; agriculture is productive, commerce is productive, labor and service are productive, *if* they create additional value; the pavier is, at least, indirectly productive, as a good administration of justice or a peace-preserving government, for they increase the value of things.

Why are modern times so immeasurably wealthier than the

middle ages and antiquity? Why is Europe so much richer than Asia, with all its hoarded treasures in gold and jewels? For let us not forget that, contrary to what was formerly believed, when money was considered to constitute wealth, and money alone, mankind at large are becoming richer; not one or a few nations at the cost of others, which become poorer. The following are the most prominent reasons:

Europe, and her descendants in other parts, especially in North America, are more active, more industrious.

There is greater security under the Municipal Law, as well as under the Law of Nations: the foreigner is no longer considered an enemy.

There is a far greater uniformity of ideas and concepts, of Mail and Money, dress and religion.

There is, consequently, a far more extensive as well as brisker exchange of things.

No religions, as wasteful as many of Asia are, or as Christianity was in the middle ages, now exist.

Knowledge is sounder; education, the highest University education and the common school education, is far more widely spread; printing has been invented, and, by statistic proof, sickness, the wasteful destroyer of production, is more limited.

Even wars have become far less wasteful, and the Law of Nations stretches a protecting branch, named the Law of War, over hosts in hostile array against one another.

And let us, lastly, mention roads, navigation, in short, all means of inter-communication have both been quickened and made safer, so that in this way, too, exchange has been promoted, and human inter-dependence has been developed more and more.

All these things have contributed to increase and intensify Exchange—exchange of what? Of products, of course. But of what products? Products which are wanted, desired. But is the desire of obtaining a product sufficient to create a demand? Does the craving of hunger alone create a demand for bread in the market? If it were so, why should so many fall victims to famine in a country famished as Ireland was in 1846 and '47? There was longing, indeed, for flour, but that craving created no market for it, because Ireland, at the time,

had nothing to offer for the longed-for flour. Demand, in Political Economy, does not mean a mere desire to have, but a desire to obtain certain commodities or values, backed by values offered in exchange. Products alone can create a market. We cannot buy a single article in the market, be it large or small, a kitchen market or a "World's Mart," except with or by a product of our own, or for money, which has been obtained by the exchange of some product for it. No artificial legislation or fanciful regulation can make people wealthier. Exchange and production go constantly hand in hand, and all the wisdom and knowledge about markets and Free Trade, commerce, production, and increase of wealth, may be put in the short and inexorable formula with which I shall conclude these Notes, to make it, possibly, more impressive for some readers, namely :

PRODUCT FOR PRODUCT.

SOME ACCOUNT

OF

The Free Trade League, and of its Purposes.

THE FREE TRADE LEAGUE has now existed several years, during which time its operations have consisted in the circulating of tracts, the printing of a newspaper, and in providing free public lectures explanatory of its principles.

The present position of strength occupied by the League, and the prominence which the question of Freedom of Trade is now assuming, are largely owing to the past efforts of the Society and of its members.

Previous to the late Presidential election, it was found impossible to arouse a general interest in our subject, for the reason that the problem of reconstruction and questions appertaining to the debt virtually absorbed public attention.

Since that election there has been a marked change in the acceptance of our doctrines by the people. Formerly a few persons used to assemble to listen to our lecturers, now we get large audiences: where we had a dollar we now have ten dollars.

As our means have increased we have enlarged our undertakings, and we are now pursuing the following plan of operations:

A monthly newspaper has been regularly published during the last two years, and 150,000 copies have been circulated. We propose soon to convert this newspaper into a weekly, and to improve it in all respects.

Colporteurs distribute tracts through the country, and find voluntary co-operators who will circulate documents among their friends; in this way a comparatively few traveling agents put in motion a system by means of which the attention of an immense number of persons is drawn to the reasons for the present high cost of living, and to the unnecessary burdens imposed upon the agricultural classes by the protectionists.

These colporteurs are followed by lecturers who speak to the people in the localities where the tracts have been previously distributed: and after the delivery of the addresses, efforts to form branch leagues are made: these affiliated societies will be kept alive by the subsequent visits of other speakers and by correspondence.

Public Meetings, addressed by popular speakers, form one of the best means available for awakening the attention of the people. Such meetings we have held and shall continue to hold as often as is feasible; and we have the co-operation of many of the ablest men in America, who are ready to address the meetings gathered under our auspices.

In our country the press is the main-spring of public action, and one of our chief purposes is to place before the editors of Free Trade papers, telling facts which they can give their readers in their own way. There is a great demand for facts illustrative of the workings of the fallacious and oppressive system of "protection," and we have secured some of the best pens in the country to investigate costs of production, of transportation, tariff statistics, etc.

Every mail now brings us numerous letters asking for information and tendering voluntary aid in the dissemination of our principles.

The LEAGUE has \$25,000 in its treasury, but it is all needed for operations already undertaken, and we should now have \$100,000 in hand, to develop this agitation properly.

The merchants of America are shrewd and far-sighted. Will they not support us in our endeavors to overthrow a tariff framed to prevent trade, by excessive duties imposed upon the products of foreign countries, only because these are cheaper and therefore more desirable than those which we blunderingly attempt to produce ourselves.

By producing what we can make most easily and cheaply, and by exchanging such products for those that can be made MORE cheaply elsewhere, we should be employing American industry in the most efficient way. Such an exercise of our industry is most efficient because it is most natural.

Under FREE TRADE the volume of our commerce would enormously increase. An increase of commerce means to the farmer broader markets for his crops, it means clothing, tools and supplies of all sorts, of good quality at low prices; to the merchant it means greater opportunities for the employment of his talent and capital; to the masses it means cheapness and abundance of all the necessities of life.

Every man and woman is personally interested in this question. Every dollar helps up, and every person who reads these words can well afford to give in proportion to his means, to secure a reform which will so greatly increase his comforts by diminishing the expense of living.